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**Training and research**

# United Nations Institute for Training and Research*

## Report of the Secretary-General

*Summary*

In its resolution 56/208 of 21 December 2001, the General Assembly requested the Secretary-General to clarify why the United Nations Institute for Training and Research (UNITAR) did not benefit from rental rates and maintenance costs similar to those enjoyed by other organizations affiliated with the United Nations, to submit proposals on how to waive or reduce the rental rates and maintenance costs charged to UNITAR and to report to it at its fifty-seventh session, including details on the status of contributions to, and the financial situation of, UNITAR, as well as on the use of its services by Member States.

In order to reduce the rental rates and maintenance costs of UNITAR, the General Assembly would need to make budgetary provision for the costs involved and override the provisions of paragraph 3 of its resolution 47/227 of 8 April 1993, whereby the funding of all the administrative budget and the training programme of the Institute should be covered from voluntary contributions, donations, special-purpose grants and executing agency overheads. If the General Assembly were to approve free rent and maintenance for UNITAR, modifications would also be required under articles VIII and XI of the statute of the Institute. An additional biennial appropriation of $293,000 would be required under the regular budget of the United Nations in the current biennium.

* The delayed submission of the present report is due to the extensive consultations required to finalize the document.

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## I. Introduction

1. In paragraphs 11 and 12 of its resolution 56/208 of 21 December 2001 on the United Nations Institute for Training and Research (UNITAR), the General Assembly:

(a) Requested the Secretary-General to clarify why UNITAR did not benefit from rental rates and maintenance costs similar to those enjoyed by other organizations affiliated with the United Nations, such as the United Nations Institute for Disarmament Research (UNIDIR) and the United Nations Research Institute for Social Development (UNRISD), and further requested the Secretary-General to submit proposals on how to waive or reduce the rental rates and maintenance costs charged to UNITAR with a view to alleviating its current financial difficulties, which were aggravated by the current practice of charging commercial rates;

(b) Requested the Secretary-General to report to it at its fifty-seventh session on the implementation of the resolution, including details on the status of contributions to, and the financial situation of, UNITAR, as well as on the use of its services by Member States.

2. As the requests in the resolution mainly relate to rental rates and maintenance costs of UNITAR premises, that is, administrative and financial questions, the present report, in compliance with section VI of General Assembly resolution 45/248 B of 21 December 1990, has been prepared for the attention of the Fifth Committee of the General Assembly, as appropriate. As regards the use of UNITAR services by Member States, this issue would be addressed in detail in the biennial report of UNITAR on its activities.

## II. Background

3. UNITAR has been charged rent by the United Nations for the premises it occupied in Geneva since 1 January 1989 and in New York since 1 October 1996. The decision to charge the rent was based on General Assembly resolution 41/213 of 19 December 1986, in which the Assembly approved the report of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations. The report stated in its recommendation 36 that Member States and other users occupying office space on the United Nations premises should pay a rent based on current commercial rates. It was understood that it was the intent of the Group of Experts, in making this recommendation, that the United Nations regular budget should not have to bear any part of the rental expenses of bodies supported by extrabudgetary funds.

4. In paragraph 3 of its resolution 47/227 of 8 April 1993, the General Assembly decided that, as at 1 January 1993, the funding of all the administrative budget and the training programmes of the Institute should be covered from voluntary contributions, donations, special-purpose grants and executing agency overheads.

5. It is also recalled in this connection that, in paragraph 2 of its resolution 48/207 of 21 December 1993, the General Assembly requested the Secretary-General to examine, in accordance with paragraph 2 of Assembly resolution 47/227, the measures taken in 1993 with a view to improving further the organization and coordination of the training programmes and research activities relating to training

in New York, and to provide appropriate logistical and administrative support, within existing resources. In the statement of programme budget implications of the draft of resolution 48/207, the Secretary-General indicated that:

(a) The provision of office space in New York and Geneva, as well as the usual logistical and administrative support for the Institute, including senior fellows, would involve expenditures for rental and maintenance of office equipment, communications and miscellaneous services;

(b) In accordance with paragraph 5 of article VI of the statute of UNITAR and as decided by the General Assembly in its resolution 47/227, all such expenditures would have to be covered from voluntary contributions, donations, special-purpose grants and executing agency overheads available to UNITAR, and not from the United Nations regular budget. Moreover, all expenditures from such funds would require the prior review and approval of the related budgets by the Board of Trustees of UNITAR, in accordance with paragraph 2 of article III and paragraph 1 of article VIII of the statute;

(c) If the United Nations Institute for Training and Research were unable to cover the expenditures regarding office space and the cost of the usual logistical and administrative support, the Secretary-General would not be authorized to cover such costs from the regular budget of the United Nations and all logistical and administrative expenditures, including supporting activities of senior fellows, provision of office space in Geneva and New York and other support services, would have to be financed exclusively from voluntary contributions, donations, special-purpose grants and executing agency overheads of UNITAR, if such resources were available (A/C.2/48/L.84, paras. 6-9).

6. Similarly, in the statement of programme budget implications of the draft of resolution 49/125 of 19 December 1994, the Secretary-General stated:

> "Should the General Assembly adopt [the draft resolution,], the Secretary-General would continue to provide UNITAR with office space as well as administrative and logistic support in Geneva, at fair costs and on an equal basis with 'other users', so that the actual costs incurred by the United Nations itself could be reimbursed. Should UNITAR require office space in New York for a liaison office, the Secretary-General would ensure that it is charged to UNITAR on the same basis." (A/C.2/49/L.66, para. 7)

7. As indicated in the statement of programme budget implications of the draft of resolution 55/208 of 20 December 2000, should the General Assembly decide to supply the necessary offices to UNITAR in Geneva and in New York free of rental and maintenance costs, in the future budgets, beginning with the 2002-2003 biennium, the amount of US$ 155,900 would be required annually for this purpose. If the Assembly were to so decide, it would thereby override the provisions of paragraph 3 of its resolution 47/227 (A/C.2/55/L.49, para. 19).

8. Additionally, as provided in the oral statement of the Director of the Programme Planning and Budget Division to the Second Committee, in accordance with the procedure established to conform to recommendation 36, the rental and maintenance rates charged by the United Nations to entities occupying space in United Nations buildings was based on the commercial rates that the United Nations was charged. The Secretary-General was thus not in a position to "reclassify" the rates charged to UNITAR for rent and maintenance costs, unless the General

Assembly decided to make an express exception to its resolution 41/213 and in regard to recommendation 36 (A/C.2/55/SR.42, para. 50).

9. In the statement of programme budget implications of the draft of General Assembly resolution 56/208 of 21 December 2001, the Secretary-General stated, inter alia, that:

(a) Should the General Assembly adopt the draft resolution, it was estimated that additional appropriation of $292,600 would be required under section 30, Special expenses, of the proposed programme budget for the biennium 2002-2003 in order to reclassify the rental rates, maintenance costs and other administrative support charged to the Institute by the United Nations in Geneva and New York. In the future budgets, the amount of $292,600 would be required biannually for this purpose. By so deciding, the General Assembly would also override the provisions of paragraph 3 of its resolution 47/227;

(b) If the part of the costs currently paid by UNITAR in connection with rent and maintenance were to be taken over by the United Nations, the Assembly should also request the Secretary-General to amend, after consultations with the Board of Trustees of UNITAR, article VIII, paragraph 13, of the statute of UNITAR, to read as follows:

> "The general administrative, personnel and financial services of the United Nations shall be utilized by the Institute on conditions determined in consultation between the Secretary-General and the Executive Director, it being understood that no extra cost to the regular budget of the United Nations is to be incurred, without the express approval of the General Assembly." (A/C.2/56/L.55, paras. 13 and 14)

## III. Financial situation of the Institute

10. In accordance with paragraph 1 of General Assembly resolution 47/227, the building of UNITAR was transferred to the United Nations in return for the cancellation of the debt of the Institute and coverage of its financial obligations for 1992 in the amount of $15,989,000, as indicated in the related programme budget implications statement (A/C.5/47/82). Also, in accordance with the same resolution, in the biennium 1998-1999, the amount of $283,215, consisting of negative balances on special-purpose grant projects and resulting from activities undertaken before 1992, was written off as part of the global debt of UNITAR against United Nations reserves (A/55/5/Add.4, para. 11).

11. Since 1993, UNITAR has undergone substantial changes. During the fall of 1993, UNITAR headquarters was moved from New York to Geneva. As most of activities of the Institute were already being conducted from the Geneva office, the activities carried out of New York were terminated and phased out in 1994. UNITAR opened a liaison office in New York in the fall of 1996 after it was ensured by the Board of Trustees of the Institute that the opening of the office was financially viable. In paragraph 3 of its resolution 50/121 of 20 December 1995, the General Assembly welcomed the decision of the Board of Trustees inviting the Institute to open a liaison office in New York, insofar as that would be possible within its existing resources and pursuant to General Assembly resolutions 47/227 and 49/125, in order to respond to the training needs of the missions and delegations

of Member States in New York and in order to strengthen its cooperative relationship with the United Nations Secretariat.

12. Since 1994, UNITAR has been able to continue its existing activities with no deficit and, more significantly, to expand its activities, operating exclusively on voluntary contributions and special-purpose grants. Annexes I and II to the present report provide detailed information on the financial situation of UNITAR from 1993 to end of June 2002, including summary information on all funds of the Institute and on the General Fund in particular. Notwithstanding the reference in paragraph 11 of General Assembly resolution 56/208 to the current financial difficulties of UNITAR, the analysis of the financial situation of the General Fund of UNITAR provided in annex II to the present report shows that the Institute was in a position to continue paying for rent and maintenance from its own resources, as it had successfully done for the period 1994-1998.

## IV. Current administrative and financial arrangements for rental and maintenance costs for the Institute in New York and Geneva

13. In New York, the UNITAR liaison office occupies office space in the DC-1 building. For the period 1996-2001, the United Nations has charged UNITAR for rent and maintenance at the prevailing commercial rate, amounting to $32,940 annually. Starting from 1 January 2002, this was increased ($64,782 for total rented space per annum) to conform with the increased commercial rates which the United Nations has to pay for rented space. However, UNITAR has not paid these bills since 1 January 1998, which resulted in an accumulated debt of $163,602 as at 30 June 2002.

14. In Geneva, UNITAR occupies 842.7 square metres in the Environment Centre building (previously known as the General Executive Centre). The annual rent and maintenance fee in the amount of $40,700 is to be paid by UNITAR to the Fondation Immobilière pour Organisations Internationales (FIPOI), which manages the building. UNITAR is also required to pay for electricity up to an amount of $7,000 annually. Moreover, it is meant to reimburse to the United Nations Office at Geneva (UNOG) annually the costs of: (a) cleaning (some $14,000); and (b) messenger/security/shuttle services (some $20,000). This brings the total cost of UNITAR office space rent, maintenance and other administrative services in Geneva to a total of $81,700 per annum. However, UNITAR has not paid UNOG for messenger/security/shuttle services and office cleaning from 1999 to the present time, resulting in a debt of $107,267. In addition, UNITAR has not paid to FIPOI for rent and electricity for January-September 2002, resulting in an additional debt of $40,105. In all, UNITAR has a debt to UNOG and FIPOI amounting to $147,372.

15. The total annual requirements for rent and maintenance of office space in New York and Geneva amount to $112,482. With the addition of messenger/security/shuttle and cleaning services, provided by UNOG ($34,000 annually), annual requirements for UNITAR would amount to $146,482 (or $293,000 biennially). Current unpaid bills as at 31 September 2002 amount to $310,974, consisting of $270,869 owed to the United Nations and $40,105 to FIPOI.

## V. Arrangements regarding rental rates and maintenance costs for the United Nations Institute for Disarmament Research and the United Nations Research Institute for Social Development

16. As mentioned in paragraph 11 of General Assembly resolution 56/208, UNIDIR and UNRISD enjoyed benefits from reduced rental rates and maintenance costs. Currently, three institutes (UNIDIR, the United Nations African Institute for the Prevention of Crime and the Treatment of Offenders (UNAFRI) and the African Institute for Economic Development and Planning (IDEP)) receive the regular budget subventions to finance posts of directors and core staff.

17. In particular, UNIDIR occupies 332.3 square metres in the Palais des Nations. Owing to its precarious financial situation and in accordance with General Assembly resolution 39/148 H of 17 December 1984, it receives a subvention from the regular budget of the United Nations towards meeting the costs of the Director and the staff of the Institute. As indicated in the report of the Advisory Committee on Administrative and Budgetary Questions (A/45/7/Add.5), UNIDIR has continued to apply the rate of 5 per cent for administrative and programme support costs to reimburse the United Nations for the financial and personnel services provided by the United Nations Office at Geneva to the Institute.

18. UNRISD occupies 508.5 square metres in the Palais des Nations. Under the terms of reference of paragraph 6 of Secretary-General's bulletin ST/SGB/126 of 1 August 1963, the Institute is accommodated free of charge, but if special premises have to be obtained for the Institute, it would pay the rent from its budget. In addition, in the light of its difficult financial situation, UNRISD pays for programme support at the reduced rate of 8 per cent. This is designed to reimburse the United Nations for the services provided.

## VI. Proposals to reduce rental rates and maintenance costs charged to the Institute

19. Taking into account the related provisions of General Assembly resolutions 41/213 and 47/227 mentioned in paragraphs 3 and 4 above, the Secretariat is not in a position to propose a waiver of the rental rates and maintenance costs charged to UNITAR without the express decision of the General Assembly in this regard, which should take into account the modality described below.

20. It is assumed that the organizations affiliated with the United Nations and enjoying such privileges as reclassified rent and maintenance costs referred to in paragraph 11 of General Assembly resolution 56/208 are the United Nations Institute for Disarmament Research and the United Nations Research Institute for Social Development, both located in Geneva. In the case of UNIDIR, by virtue of its statute, it receives a subvention from the regular budget of the United Nations for its administrative costs. UNRISD, for its part, is not charged rent, but is charged overhead of 8 per cent of its annual expenditures, which the United Nations utilizes for the administrative support, including space, which it provides to that Institute.

21. Of these two choices available, the UNIDIR model would appear the most difficult to duplicate, as it would require the institution of a subvention from the regular budget; however, there is no existing basis for a subvention to UNITAR. The

UNRISD model would seem to be replicable for the UNITAR situation and would involve the United Nations regular budget assuming the rental and maintenance costs burden for UNITAR, while at the same time instituting an arrangement whereby UNITAR would reimburse the United Nations for the administrative support provided.

22. This means that the Institute would be required to reimburse administrative support provided by the United Nations at the rate of 8 per cent of its General Fund expenditures. For 2002, these expenditures are estimated at $913,500 and the support cost reimbursement would amount to $73,080. The annual charges for rent and maintenance costs of $146,482 (or $293,000 biennially) in New York and Geneva would be covered in full from the regular budget, while the UNITAR support cost reimbursement of $73,080 would be utilized to offset the costs of administrative services, including payroll, financial, accounting, budgeting and personnel support, mail, pouch, etc., currently provided to UNITAR by UNOG free of charge.

## VII. Conclusion

23. As mentioned in paragraph 12 above, the UNITAR financial situation does not seem precarious, especially in comparison with UNAFRI and the United Nations International Research and Training Institute for the Advancement of Women, which currently rely on the grants from the United Nations regular budget for their survival. Moreover, taking into account the related provisions of General Assembly resolutions 41/213 and 47/227, the Secretary-General is not in a position to propose the complete waiver of the rental rates and maintenance costs charged to UNITAR without the express decision of the General Assembly in this regard, which should involve the United Nations regular budget assuming the rental and maintenance costs burden for UNITAR, while at the same time instituting an arrangement whereby UNITAR would reimburse the United Nations for administrative support provided at the rate of 8 per cent of its General Fund annual expenditures.

24. It is estimated that, in this case, additional appropriation of $293,000 would be required under section 27, Management and central support services, of the programme budget for the biennium 2002-2003, in order to reduce the burden of rental rates, maintenance and other administrative support costs charged to the Institute by the United Nations in Geneva and New York. In the future budgets, the amount of $293,000 would be required biennially for this purpose. By so deciding, the General Assembly would also override the provisions of paragraph 3 of its resolution 47/227.

## VIII. Recommendations

25. **If it is the wish of Member States that UNITAR be provided with rent and maintenance-free space by the United Nations in the future, a resolution from the General Assembly would be required which would amend paragraph 13 of article VIII of the statute of UNITAR to include a provision to the effect that the Institute should be provided with reasonable space by the United Nations on a rent- and maintenance-free basis, to read as follows:**

**"The general administrative, personnel and financial services of the United Nations shall be utilized by the Institute on conditions determined in consultation between the Secretary-General and the Executive Director, it being understood that the space occupied by the Institute is provided by the United Nations free of rent and maintenance charges."**

26. **The currently outstanding UNITAR debt of $310,974 relating to unpaid rental and maintenance costs should be paid.**

27. **Should the General Assembly adopt the resolution that the Institute should be provided with office space by the United Nations on a rent- and maintenance-free basis, an additional provision of $293,000 would be required over and above the resources proposed under section 27, Management and central support services, of the programme budget for the biennium 2002-2003. This provision would represent a charge against the contingency fund and, as such, would require an increase in appropriations for the biennium 2002-2003.**

## Annex I

### United Nations Institute for Training and Research — Statement of income and expenditure and changes in reserves and fund balances — all funds

| | *1993* | *1994* | *1995* | *1996* | *1997* | *1998* | *1999* | *2000* | *2001* | *2002 (30 June)* |
|---|---|---|---|---|---|---|---|---|---|---|
| Income | | | | | | | | | | |
| Contributions from Governments | 3 910 944 | 3 437 037 | 3 381 710 | 4 678 207 | 4 178 913 | 4 505 952 | 3 184 877 | 5 300 077 | 6 155 299 | 3 896 664 |
| Funds received under inter-organization arrangements | 10 500 | 1 062 097 | 455 851 | 728 317 | 1 058 165 | 469 435 | 364 184 | 250 675 | 687 129 | 185 167 |
| Others | 231 284 | 129 728 | 264 408 | 219 774 | 322 563 | 322 396 | 3 409 256 | 420 886 | 296 901 | 128 756 |
| **Total income** | **4 152 728** | **4 628 862** | **4 101 969** | **5 626 298** | **5 559 641** | **5 297 783** | **3 889 317** | **5 971 638** | **7 139 329** | **4 210 587** |
| Expenditure | | | | | | | | | | |
| Staff and other personnel costs | 1 697 760 | 2 551 190 | 2 637 611 | 2 833 301 | 2 534 751 | 2 404 079 | 2 592 374 | 2 411 401 | 2 845 176 | 2 157 028 |
| Operating expenses | 517 769 | 248 403 | 314 021 | 282 514 | 328 742 | 222 185 | 273 039 | 222 883 | 230 780 | 109 308 |
| Others | 1 934 093 | 1 205 850 | 1 275 484 | 1 911 805 | 2 899 239 | 2 389 090 | 1 879 988 | 2 427 813 | 2 844 008 | 1 157 137 |
| **Total expenditure** | **4 149 622** | **4 005 443** | **4 227 116** | **5 027 620** | **5 762 732** | **5 015 354** | **4 745 401** | **5 062 097** | **5 919 964** | **3 423 473** |
| **Excess (shortfall) of income over expenditure** | **3 106** | **623 419** | **(125 147)** | **598 678** | **(203 091)** | **282 429** | **(856 084)** | **909 541** | **1 219 365** | **787 114** |
| General Assembly resolution 47/227 (transfer of land and building) | 5 797 330 | | | | | | | | | |
| Waiver of imputed interest on advance to purchase land | 974 593 | | | | | | | | | |
| Other adjustment | 68 972 | (8 677) | 106 968 | 71 008 | 440 932 | 678 581 | (7 188) | (41 927) | (46 397) | 30 481 |
| Reserves and fund balances, beginning of period | (4 673 701) | 2 170 300 | 2 785 042 | 2 766 863 | 3 436 549 | 3 674 390 | 4 635 400 | 3 772 128 | 4 639 742 | 5 812 710 |
| **Reserves and fund balances, end of period** | **2 170 300** | **2 785 042** | **2 766 863** | **3 436 549** | **3 674 390** | **4 635 400** | **3 772 128** | **4 639 742** | **5 812 710** | **6 630 305** |

## Annex II

### United Nations Institute for Training and Research — Statement of income and expenditure and changes in reserves and fund balances — General Fund

| | *1993* | *1994* | *1995* | *1996* | *1997* | *1998* | *1999* | *2000* | *2001* | *2002 (30 June)* |
|---|---|---|---|---|---|---|---|---|---|---|
| Income | | | | | | | | | | |
| Contributions from Governments | 302 689 | 442 947 | 315 714 | 248 209 | 356 759 | 560 547 | 338 998 | 375 429 | 383 342 | 165 895 |
| Funds received under inter-organization arrangements | 10 500 | - | - | - | 6 716 | - | 19 446 | - | - | 14 436 |
| Programme Support Income | 343 598 | 344 839 | 372 914 | 441 230 | 541 805 | 457 308 | 370 373 | 348 354 | 430 041 | 263 989 |
| Others | 51 515 | 10 058 | 42 851 | 33 915 | 94 512 | 117 877 | 114 562 | 100 193 | 40 063 | 19 772 |
| **Total income** | **708 302** | **797 844** | **731 479** | **723 354** | **999 792** | **1 135 732** | **843 379** | **823 976** | **853 446** | **464 092** |
| Expenditure | | | | | | | | | | |
| Staff and other personnel costs | 464 933 | 444 164 | 593 828 | 760 020 | 542 606 | 570 229 | 595 700 | 624 684 | 745 647 | 321 642 |
| Operating expenses | 186 689 | 125 649 | 144 369 | 153 430 | 183 187 | 134 555 | 132 802 | 114 094 | 87 997 | 42 827 |
| Others | 48 507 | 26 164 | 104 867 | 64 537 | 62 167 | 127 014 | 148 598 | 159 605 | 58 226 | 39 959 |
| **Total expenditure** | **700 129** | **595 977** | **843 064** | **977 987** | **787 960** | **831 798** | **877 100** | **898 383** | **891 870** | **404 428** |
| **Excess (shortfall) of income over expenditure** | **8 173** | **201 867** | **(111 585)** | **(254 633)** | **211 832** | **303 934** | **(33 721)** | **(74 407)** | **(38 424)** | **59 664** |
| General Assembly resolution 47/227 (transfer of UNITAR land and building) | 5 797 330 | | | | | | | | | |
| Waiver of imputed interest on advance to purchase land | 974 593 | | | | | | | | | |
| Other adjustment | 170 530 | 157 003 | 52 598 | 97 067 | (55 513) | (18 740) | 54 083 | 22 578 | 7 909 | 1 225 |
| Reserves and fund balances, beginning of period | (6 699 954) | 250 672 | 609 542 | 550 555 | 392 989 | 549 308 | 834 502 | 854 864 | 803 035 | 772 520 |
| **Reserves and fund balances, end of period** | **250 672** | **609 542** | **550 555** | **392 989** | **549 308** | **834 502** | **854 864** | **803 035** | **772 520** | **833 409** |